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## Bosnia: Peace by Piece

by Daniel Serwer

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Progress towards peace in Bosnia shows in every newly stocked store window, on every traffic-filled road in central Bosnia, and in the smiles of every roller skating child on Sarajevo's once deadly streets. But it is all too shaky: a few arrests of alleged war criminals, local quarrels in Sarajevo and in Mostar, or a raid on an Iranian terrorist training center can put the Dayton agreements at risk. Can the peace last?

The answer lies in less visible developments. War-time animosities persist, even if the guns are silent. Croats, Serbs and Muslims have not suddenly taken a fancy to each other. Bosnia can survive only if it creates institutions capable of containing ethnic struggles that once led to war.

No institution is more important to the peace than the Bosnian Federation, which is supposed to govern the 51 percent of the country under control of the Muslims and Croats. The Dayton peace agreement assumes the existence of a solid Federation, which will combine with a Serb Republic to constitute a new Bosnia and Herzegovina. The Federation is an essential building block, without which it is difficult to expect Dayton to succeed over the long term.

The Federation must give Croats and Muslims a solid institutional framework for resolving their once deadly strife. It must also treat the Serbs who remain on Federation territory fairly. If the conditions for economic recovery and an open society can be created on half the territory, there is hope for Bosnia as a whole.

What is the state of the Federation? Can it last?

### Two New Governments

Muslims and Croats fought a war that raged from the spring of 1993 until the Federation was created, under American sponsorship, in March 1994. Until January 1996, the Federation--which comprised areas controlled by either the Bosnian Army (ABiH) or the Croat Defense Council (HVO)--was nominally governed by the same people who formed the central government in Sarajevo. This was an ambiguous and unsatisfactory arrangement.

In late January, Bosnia fulfilled an essential provision of the Dayton agreements by confirming in office two new governments: one responsible for international affairs and monetary policy for Bosnia and

Herzegovina as a whole, and one to govern the internal affairs of the Muslim/Croat Federation. This realignment is critical to getting the Serbs back into the central government, while leaving a large measure of autonomy to the Serb Republic.

The creation of a new, separate Federation government is a major step. It will acquire authority from two directions: the Republic's government, dominated by Muslims, will surrender its authority over domestic affairs, and the "Croat Republic of Herzeg-Bosna"--which has in fact governed the Croat-majority portions of the country--will turn its governing authority over to the Federation.

The old Bosnian Republic is disappearing. The Dayton constitution for a new Bosnia and Herzegovina went into effect upon signing December 14. This is critical: it is only by allowing the devolution of authority provided for in this new constitution that Bosnia and Herzegovina can be kept whole. The international community must recognize this reality and learn to deal with a decentralized Bosnia.

### **Displaced People**

The Federation government faces several immediate challenges. Displaced Croats and Muslims from within the Federation who want to return home must be allowed to do so. These number in the hundreds of thousands, with three Croats for every Muslim. To date, progress in returns to areas where the returnees belong to a minority has been slow: a hundred families have returned here, a few dozen there. Both Muslims and Croats are committed in principle to allow returns. But each side fears the other will renege and holds back on allowing returns in order to gain leverage for its own displaced. *Quid pro quo* must give way to an open door policy on both sides.

It is often assumed that the Croats are the major obstacle to the return of displaced people, since the prevailing view among Croats tends to favor separation rather than integration. In fact, responsibility for blocking returns is more evenly divided than might be imagined. There are lots of Muslims who have sectarian thoughts, and many more who simply see no way to accommodate returning Croats in towns that are already brimming with Muslim refugees from the Serb Republic.

At Dayton, it was agreed that immediate returns would be allowed to four central Bosnian towns. None of the towns complied in the short time frame stipulated. The Muslim-controlled town of Travnik later met its goal of allowing the return of 100 Croat families. The Croat-controlled town of Jajce has made real progress towards its goal of 200, despite a slow start. The Croat-controlled town of Stolac has agreed to the return of 100 Muslim families, but extremists there are resisting the necessary repairs. The Muslim-controlled town of Bugojno has seen no Croat families return under this agreement. Its recalcitrant mayor, who is not a Federation official, continues to block Croat returns. And the Federation municipality there has still not been formed.

### **Federation Cantons and Municipalities**

Return of displaced people would in fact be easier if all the municipal and cantonal governments of the Federation, which are to be governed jointly by Croats and Muslims, existed. Instead, Bosnia is still littered with separate Muslim and Croat administrative structures, which both groups are agreed in principle must now disappear in favor of Federation institutions.

First, however, the Federation cantons, originally created in 1994, had to be redrawn to correspond to the Dayton map of the Federation. The one remaining problem, which concerned four Croat municipalities, has been resolved, with the Muslims agreeing to allow them to become a separate canton. The Croats

have dropped their request to incorporate these municipalities in the "mixed" Neretva Canton, a move that would have sharply tilted the population balance there.

This solution to the problem of cantonal boundaries should allow formation of the remaining municipalities (about one-quarter of the total) and cantons (the only real stumbling block remaining is Sarajevo Canton). The next problem will be money: the Federation cantons and municipalities need budgets and income if they are to take on the responsibilities foreseen for them. The Dayton agreements called for budgets by March 31, a deadline that was not met. But with help from the World Bank and IMF it should be possible to have fully functioning Federation municipalities and cantons up and running by fall.

## **Mostar**

The most difficult of the local situations is in the southern Bosnian city of Mostar. The Croat/Muslim war there was especially intense. The city is charged with symbolism for both sides (as well as for the Serbs, who have largely left the city). A good resolution in Mostar would open doors to solutions throughout the Federation.

A year and a half of administration by the European Union, which has budgetted over 100 million dollars per year for the effort, has been only partially successful. Humanitarian efforts and restoration of utilities have gone well and, since December 10, all but military-aged men have been able to circulate freely in the city. But full freedom of movement, creation of a unified police force, and agreement on the new Federation charter for the city had been blocked by quarrels over subdivision of the city into boroughs.

The European Union (EU) city administrator of the city decided how this problem was to be resolved. Croat rioting resulted. The issue that provoked this response was the character of the city center. The Muslims wanted a large, mixed central zone incorporating a Muslim neighborhood that existed prior to the war in the predominantly Croat Western part of the city. The Croats were prepared to accept a small central zone consisting of only public buildings. The EU Administrator's decision split the difference, creating a smaller central zone than the Muslims would have liked and a larger one than the Croats were comfortable with.

Both sides were obligated to implement the EU Administrator's decision, but the Croats refused. They sought a change that would shrink the central zone. They succeeded in negotiating this change in Rome in mid-February. This compromise opened the way to elections in Mostar, which were successfully held on May 31. The Federation municipality should now be able to take over governing the city, with the EU administration (which should now be extended past its July 23 mandate) phasing out its political activities over the next several months.

There are other aspects of the Mostar problem. Croatian police, sent by Zagreb at Sarajevo's request to clean up organized crime in the city, need to fulfill their mission. It would also help if the Muslims were to allow Croats back to their homes in Central Bosnia: there are large numbers of Croat displaced people in Mostar whose resentments are a natural breeding ground for extremism and disorder.

## **The Armed Forces**

Perhaps the greatest challenge facing the Federation is the unification of Croat and Muslim armed forces. The HVO was created early in the war to fight the Serbs, at a time when the Bosnian Army was virtually

non-existent and the Sarajevo government was trying to stay out of the Serb/Croat war. The HVO later fought against the Bosnian Army for ten months and remains separate. The two (backed by Croatia's Army) joined forces in the successful offensive in Western Bosnia that led last fall to the Dayton peace talks.

Immediate unification of the HVO and the Bosnian Army is not possible, but the Dayton agreements foresee a Federation Defense Ministry, Joint Command and Joint Staff. The U.S. Government is organizing an effort to train and equip the Federation forces, within the limits imposed by the arms control portions of the peace agreement. This effort will build up the joint structures required to make the Bosnian Army and the HVO *de facto* components of a single Federation armed force.

Two outstanding issues held up passage of the law that will formalize this approach to Federation defense. The first concerned conscription: the Croats wanted recruits to be able to choose between the Army and the HVO; the Muslims fear that allowing them to do so would leave the Army short of personnel, and would also lead to nationalist indoctrination of young Croats by the HVO. The second concerned who would be commander-in-chief of the Army before elections (the issue after elections is in principle settled by the Dayton constitution, which will have to be translated into legislation). The Croats wanted it to be the Federation President (who is a Croat), or the President and Vice President acting jointly; the Muslims want it to be the President of the Republic (who is of course a Muslim).

These problems have now been solved. The preference of recruits will be taken into account, subject to military requirements. Ultimately, the Minister and Deputy Minister of Defense (a Croat and a Muslim)--both determined to avoid forced recruitment into the "wrong" component--will decide. The commanders-in-chief of the Army and the HVO will be respectively Bosnia and Herzegovina President Alija Izetbegovic and Federation President Kresimir Zubak.

## **Sarajevo**

The incorporation of the so-called Serb suburbs of Sarajevo into the Federation, as decided at Dayton, proved vexing and provocative. The public image did not help: scenes of people packing up their belongings and burning down their homes are not what Dayton was supposed to be about.

There is the rub. It is likely that the people were packing up someone else's belongings and burning down someone else's house. About 60 percent of the Serb population in the Serb-controlled part of Sarajevo and its outskirts at the end of the war moved there after the war began. The homes they lived in belong to Muslims and Croats who were forced to flee. None of the "Serb suburbs" had a Serb majority before the war, and only one had a Serb plurality.

It never was critical to the peace process that the Serbs who moved to Sarajevo since the beginning of the war would stay there. Their moving out *en masse* was unfortunate, but not the disaster often portrayed in the press. In fact, this mass exodus was aggressively encouraged by the Serb Republic leadership, which has used intimidation and violence to chase Serbs out who wanted to stay. There is some hope that Serbs who had homes in Sarajevo before the war will eventually return, if their property is protected and if the Federation police behave properly.

Ongoing negotiations on the question of Sarajevo Canton aim to create a three-tiered structure: a central district containing the public buildings of Bosnia and Herzegovina, a city encompassing the main urban area, and a canton consisting of the city plus outlying municipalities. This will enable a better balance among Serb, Croat and Muslim interests in a city that, contrary to its image, was far from being evenly

balanced among the ethnic groups before the war (the Muslims constituted almost half the population and the Croats were a small minority).

### **Federation Forum**

The United States, with strong support from Germany, has long been the Federation's principal backer. American and German pressure, mediation and arbitration have been essential to Federation-building. Agreements between Croats and Muslims negotiated at Dayton, in Geneva, in Sarajevo and at Petersburg have laid out a route map and timetable for the Federation. The train is often late, but so far has been kept on the tracks. Other donors like the Dutch and Swedes, as well as the International Monetary Fund (IMF) and the World Bank, have provided critical additional momentum.

The American effort needed to be more systematic, regular and anticipatory if the Federation were to become a truly operational entity. It is with these objectives that Assistant Secretary for European Affairs John Kornblum launched the Federation Forum in April. He and other key U.S. officials now meet monthly with the Federation leadership, while the U.S. embassy in Sarajevo focusses on specific subjects on a weekly basis.

The second high-level meeting of the Forum met at Blair House May 14. Hosted by the Secretary of State and including a meeting with the President and Vice President, it led to agreement on the Federation Defense Law, one that provides for integration of the Army and HVO within three years. The continuing Forum effort will be coordinated with the Germans and the office of the High Representative, who has taken on day-to-day management of the Federation-building effort in Sarajevo.

### **Recommendations**

- Now that the Federation government has been formed and the Mostar problem is resolved, the Federation has to complete the formation of the remaining cantons and municipalities, including Sarajevo and Mostar.
- Budgets and revenues for the cantons and municipalities, as well as for the Federation government, have to be sorted out with the assistance of the World Bank and IMF.
- Herzeg-Bosna must be dissolved as a governing authority and its functions turned over to the Federation; this means it should collect no more taxes, have no police or armed forces, and cease legislative activity.
- Voluntary return of displaced people and refugees should proceed as rapidly as dignity and safety will allow, with reconstruction assistance withheld from communities that fail to welcome back those who left.
- The joint Federation defense structure agreed to at Dayton--joint defense ministry, joint command and joint staff--must be created as quickly as possible, with integration proceeding apace.
- Foreign governments and international organizations will have to learn how to deal with the decentralized institutions of the new Bosnia and Herzegovina, to avoid encouraging unrealistic centralization of functions, and yet maintain their respect for the country's sovereignty and territorial integrity.

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